

# Agenda Report

**TO:** CITY COUNCIL  
**Through:** Finance Committee

**DATE:** June 10, 2002

**FROM:** CITY MANAGER

**SUBJECT:** Adoption of the Fiscal Year 2003 Operating Budget

## RECOMMENDATION

It is recommended that the City Council:

1. Adopt by resolution the City's fiscal year 2003 Operating Budget as detailed in the attached Exhibit A and as amended by the recommended modifications 1 through 17 outlined in the Background section of this report. This approval includes all funds and operations of the City with the exception of the Pasadena Community Development Commission (PCDC). The PCDC budget will be presented to the Commission separately.
2. Adopt a resolution increasing the transfer from the Light and Power Fund to the General Fund from 5% to 7.5% of Gross Revenue not to Exceed Net Revenue.

## BACKGROUND

On May 13, 2002, the City Manager submitted the Recommended Fiscal Year 2003 Operating Budget in conformance with the requirements of the City Charter. Since that date, joint meetings between the Finance Committee and the City Council were held to review and discuss the recommended budgets for City departments and the two operating companies.

The following is a summary of changes between the recommended budget submitted by the City Manager, as illustrated in Exhibit A, and the revised recommended budget. The first eight items represent proposed changes that were the result of recommendations that came out of the joint City Council – Finance Committee meetings. The balance of the list represent changes made subsequent to the submittal of the recommended budget, but discussed with the Finance Committee and the correction of items inadvertently left out of the recommended budget.

MEETING OF 06/10/2002

AGENDA ITEM NO. 6.A. (8:00 P.M.)

**The following items were requested to be placed before the full City Council for consideration during the deliberation of the joint City Council – Finance Committee meetings:**

1. City Clerk's Office - It is recommended that the \$30,000 in funding for the Records Management Tracking System that has been included as a January enhancement and budgeted in a non-departmental reserve, be appropriated in July and programmed in the City Clerk's budget. This does not result in an overall increase in appropriations, but rather moves funds from non-departmental to the City Clerk's budget.
2. City Clerk's Office - It is recommended that the appropriation for the Mail Services Program in the City Clerk's Office be increased by \$5,622 to provide for the purchase of a citywide Mailing Data Base.
3. Public Works and Transportation Department - It is recommended that \$165,000 in funding for Brookside/Arroyo brush clearance, as part of the Park Enhancement Phase III, that has been included as a January enhancement and budgeted in a non-departmental reserve be appropriated in July and programmed in the Public Work's budget. This does not result in an overall increase in appropriations, but rather moves funds from non-departmental to the Public Works and Transportation Department budget.
4. Human Services Recreation and Neighborhoods Department – It is recommended that the increase of 2.840 Recreation Leader III and 1.095 Recreation Site Coordinators that has been included as a January enhancement and budgeted in a non-departmental reserve be appropriated in July and programmed in the Human Services and Recreation Department Budget. As a result of funding these enhancements for an entire fiscal year, an additional appropriation of \$97,752 will be required.
5. Information Technology Services Division – It is recommended that \$16,500, for the routine replacement of desktop computers and related equipment, be transferred from the ITSD Equipment Capital Improvement Program to ITSD's Operating Budget. The purchase of desktop computers has traditionally been budgeted in the Operating Budget. This action would maintain consistency with how other departments budget computer replacement.
6. Information Services Department – It is recommended that an amount of \$89,000 be reserved as non-departmental in the General Fund to offset potential reductions to the Library Services Fund that may result from the State budget. If the cuts are included in the adopted state budget the funds would transfer to the Department without further Council action. If the cuts do not occur the funds will not be transferred.
7. Police Department - It is recommended that 1.00 Sergeant and 6.00 Police Officers be added to the Police Department's budget along with half-year funding of \$363,883 that has been included as a January enhancement and budgeted in a non-departmental reserve be appropriated in July. Given the lengthy process associated with hiring Police Officers,

including these positions in the budget effective July would enable the City to undertake recruitment and selection process prior to January. This does not result in an overall increase in appropriations, but rather moves funds from non-departmental to the Police Department budget.

8. Public Works and Transportation – It is recommended that \$400,000 in General Fund dollars be added to the Public Works and Transportation Department for a Photographic Red Light Enforcement Demonstration Project and that a corresponding increase in Traffic Violation Revenue be recognized in the General Fund. This project and associated recommendations were presented to and approved by the Finance Committee on June 3<sup>rd</sup>.

**The following items were identified as needing correction subsequent to the submission of the Recommended Operating Budget to the City Council and are recommended for inclusion in the Adopted Budget:**

9. Rose Bowl Operating Company – It is recommended that total revenues be changed from \$10,771,257 to \$10,946,253 and expenses changed from \$10,145,045 to \$10,258,045 in the RBOC's Operating Budget. These changes are related to an amendment to the RBOC Operating Budget approved by the RBOC Board on May 2, 2002 allowing for the expenditure of retained earnings in fiscal year 2003, associated with the RBOC employee incentive program.
10. Pasadena Center Operating Company – The \$6,765,109 budget for the Pasadena Center Operating Company was inadvertently omitted from the total budget figure listed in Exhibit A. Consequently, the total Recommended Operating Budget for FY 2003 was understated by the amount of PCOC's budget.
11. Pasadena Center Operating Company – The total number of FTEs listed in the Recommended Budget for PCOC are 108.00. PCOC has contracted-out its parking operations, therefore, the correct FTE figure for FY 2003 is 103.00. This will change the overall number of FTEs as listed in the Statement of FTEs, to 2,217.195.
12. City Council – It is recommended that the City Council's budget appropriations be increased by \$59,234 to account for an increase in contract services to pay Field Representative Salary increases, that was intended to be in the Recommended Budget, but inadvertently not entered into the budget system.
13. Water & Power Department, Light & Power Fund – It is recommended that \$700,000 in the Customer Care Business Unit appropriations, budgeted for the Contractual Rebate Program, be reduced to \$0 as a result of the elimination of rebate program at the end of the FY 2002.
14. Health Department - The potential reduction in revenue to the Health Department as a result of the State budget crisis has been estimated at between \$498,499 and \$699,312. Most recent information indicates that were reductions to take place, they are most likely

to be at the low end of these estimates i.e., \$498,499. Staff has developed a funding plan to address these reductions in the event they occur. The funding plan consists of the following: 1) The re-alignment of \$85,000 previously budgeted for capital improvements at the Health Department, to the Operating Budget. The re-alignment of these funds away from capital improvements will be from savings and deferring reconfiguration of a staff conference room and will not negatively affect clients of the Health Department; 2) Recognize revenues in the amount of \$90,000 from a grant that is anticipated to be awarded this fiscal year by Young & Healthy (a local non-profit agency that partners with the City to ensure children's access to health care and health insurance programs); 3) A reduction in appropriations of \$104,340 that is associated with a Tobacco ACTION Grant. While loss of this grant would reduce revenues and delay community education and advocacy services from being implemented, it would not negatively impact any current direct service levels in the Health Department. Other grant funds may become available for such programs; 4) Reserving \$109,579 as non-departmental in the General Fund to be contributed to the Health Fund. In the event the anticipated cuts materialize these funds would be transferred to the Health Fund; and 5) The balance of the reductions, \$109,580, would come from unappropriated Health Fund balance. It is anticipated that as of July 1, \$631,010 would be available for appropriation in the Health Fund. This recommendation would reduce total appropriations for the Health Department from \$10,674,899 to \$10,570,559.

Should the Young & Healthy Grant not be awarded or the State adopt a budget that results in a greater loss of revenues, staff will return to the City Council with further adjustments to this budget.

**FISCAL IMPACT**

Approval of the above recommendations will establish the Fiscal Year 2003 budget as illustrated in the following tables:

**Total Appropriations**

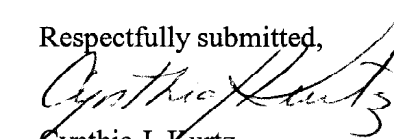
Operating Budget	Adopted Fiscal Year 2002	Revised Fiscal Year 2002	Recommended Fiscal Year 2003 – as submitted May 13 <sup>th</sup>	Recommended Fiscal Year 2003 – as proposed June 10 <sup>th</sup>
All Funds	\$487,197,986	\$441,559,245	\$431,135,068	\$437,996,625*
General Fund	\$144,792,638	\$146,546,470	\$156,827,231	\$157,389,839

\*This includes \$39,232,126 in PCDC appropriations that will be authorized under separate Commission action.

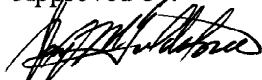
**Total Full-Time Equivalent Positions**

Operating Budget	Adopted Fiscal Year 2002	Revised Fiscal Year 2002	Recommended Fiscal Year 2003
All Funds	2,165.60	2,185.07	2,217.20
General Fund	1,018.20	1,029.42	1,046.87

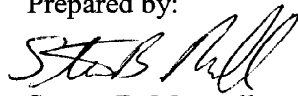
Respectfully submitted,

  
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City Manager

Approved by:

  
Jay M. Goldstone  
Director of Finance

Prepared by:

  
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Budget Administrator